

**SCIENCE, ENGINEERING AND MANUFACTURING  
TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL  
STATEMENTS**

**YEAR ENDED 31 MARCH 2007**



**Registered in England and Wales**

**- Company Number 2324869**

**- Charity Number 1000328**

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**  
**REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007**

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**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2007**

**Auditors**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

**Registered Office**

14 Upton Road  
Watford WD18 0JT

**Investment Managers**

Aberdeen Fund Management Ltd  
One Bow Churchyard  
London EC2M 9HH

**Board Members**

Sir A Jones - Chairman  
G Althorpe  
M Gildea  
I Gray  
J Greenwell  
A Imrie  
M Temple  
S Tilsley  
J Wall

**Property Managers**

Fletcher King  
Stratton House  
Stratton Street  
London W1X 5FE

**Bankers**

Barclays Bank plc  
32 Clarendon Road  
Watford WD17 1BZ

**Chief Executive and Company Secretary**

Philip W Whiteman

**Solicitors**

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

**Finance Director**

A Stewart D Morris

Charles Russell  
8-10 New Fetter Lane  
London EC4A 1RS

Bevan Kidwell  
2nd Floor Baird House  
15-17 St Cross St  
London EC1N 8UW

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

### REPORT OF DIRECTOR TRUSTEES

#### REFERENCE AND ADMINISTRATIVE DETAILS

The Science, Engineering and Manufacturing Technologies Alliance ("SEMTA") is a company limited by guarantee (company number 2324869) and does not have share capital. It is a registered charity (charity number 1000328) governed by its memorandum and articles of association. The charity owns the 100% of the allotted ordinary share capital of five trading subsidiaries who covenant their taxable profit to the charity.

The members of the Board who held office during the year were

Sir A Jones – Chairman	J Bolton (resigned 3/10/06)
G Althorpe	W Brown (resigned 3/10/06)
M Gildea	R Davies (resigned 3/10/06)
I Gray (appointed 3/10/06)	I Grant (resigned 3/10/06)
J Greenwell (appointed 3/10/06)	K Hazlewood (resigned 3/10/06)
A Imrie (appointed 3/10/06)	G Lane (resigned 3/10/06)
M Temple *	S Pallas (resigned 3/10/06)
S Tilsley *	J Quigley (resigned 3/10/06)
J Wall	D Thomas (resigned 3/10/06)
	I Young (resigned 3/10/06)

\* Member of the Audit Committee

The Chief Executive, professional advisors and registered office of the charity are listed on page 2

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by a Board of employer, trade union and education representatives. The members of the Board are trustees of the charity and also directors for the purposes of company law.

The Board meets quarterly to review progress against the agreed business plan and agree on future strategy. Responsibility for the management of the business is delegated to the Chief Executive.

There are four sub-committees which submit reports to the full Board:

- Investment Committee
- Audit Committee
- Four Nations Group
- Remuneration Committee

As directors of the company, the Board members are responsible for overseeing the company's business in a manner consistent with its charitable objectives. They are also guarantors to the company. The key internal financial control procedures are summarised as follows:

#### Control environment.

There is a clear organisational structure with well defined lines of responsibility and delegation of appropriate levels of authority.

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

### REPORT OF DIRECTOR TRUSTEES (Continued)

#### **Risk management:**

Business strategy and business plans are reviewed by the Board. Detailed appraisals are undertaken and financial implications evaluated prior to all capital expenditure and projects. Risk assessments are considered by the Audit Committee.

#### **Financial Reporting.**

A comprehensive system of budgets and forecasts is in place, with quarterly monitoring and reporting of actual results against targets to the Board.

#### **Control Procedures and Monitoring Systems:**

Authority levels and procedures and other systems of internal financial control are documented, applied and regularly reviewed by the Audit Committee. In addition, the Audit Committee meets twice yearly with the external auditors to discuss audit planning and the results of their audit work. The auditors meet the Audit Committee in private session as part of this process.

#### **Remuneration:**

Senior managers' remuneration is governed by the Remuneration Committee.

#### **Four Nations**

Skills policy in the Four Nations of the UK is reviewed by the Four Nations Group.

#### **Appointment of Board Members**

The appointment of Board members is made by members on the recommendation of an Appointing Committee made up of SEMTA's Chairman, EEF's President, a representative of a large non-federation company and a representative of the Confederation of Group Schemes.

New Board members undergo an induction to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, SEMTA's strategy and recent financial performance and the Committee and decision making process. Board members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

### OBJECTIVES AND ACTIVITIES

The objects of the charity are to promote and advance the education, training and skills development of the current and future workforce in the Science, Engineering and Manufacturing Technologies sectors.

To achieve this, SEMTA

- Consults with employers to achieve a clear understanding and definition of the sector's skill needs
- Influences key stakeholders in the delivery networks to align training provision with these needs
- Develops solutions to fill gaps in provision and embed them within the national infrastructure

The main objectives for the year were to

- Engage more employers at a higher level
- Successfully deliver the Sector Skills Council Contract and achieve the maximum performance related funding
- Publish employer action plans for the five pathfinder Sector Skills Agreements
- Identify requirements emerging from the Sector Skills Agreements for MME and bioscience
- Develop and implement a sector brokerage model
- Launch the NMSA
- Influence the outcome of the Leitch Review of Skills

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

### REPORT OF DIRECTOR TRUSTEES (Continued)

#### ACHIEVEMENTS AND PERFORMANCE

SEMTA has successfully completed its fourth year as the Sector Skills Council for Science, Engineering and Manufacturing Technologies, establishing strong strategic relationships with key partners to improve productivity and skills in the sector. Priority issues have been identified and agreed with employers and partners through the development of the Sector Skills Agreements for five sub-sectors.

Major achievements during the year included

##### Employer Engagement

- Employers continued to guide the direction of our Four Sector Skills Agreements through Sector Strategy Groups
- SEMTA's Chairman has accepted the role of Employer Champion for promoting and delivering diplomas for 14-19 year olds
- A network of employer champions has been developed to support SEMTA in promoting the value of skills development
- Employers underpin the work being done to develop a Sector Qualification Strategy and a Qualifications and Credit Framework which delivers "bite sized chunks" of training
- The Board and its Committees have been restructured to improve strategic planning and to support activities
- Emta Awards Limited showed strong growth in registrations for Level 3 & 4 qualifications
- MetSkill was listed as a top training provider in the ALI Chief Inspector's Annual Report of December 2006
- An employer-led National Manufacturing Skills Academy (NMSA) has been launched which seeks to improve the quality of training delivered region by region

##### Government and Agencies

- Working with regional agencies, we have developed a sector brokerage model which we hope to roll out to Train to Gain brokers in support of NMSA
- Working with DFES we have continued to lead the introduction of an Engineering Diploma by Sept 2008
- Working with DTI we have merged the Automotive Academy with NMSA
- Working in Scotland with SSDA, we held a major launch event for the Sector Skills Agreement for the Marine Sector
- Working in Wales, we supported DELLS in advising companies on the "Right Person, Right Time, Right Programme" programme

##### Education and Training Providers

- A network of providers is being set up to deliver the programmes accredited by NMSA
- 60 Schools have formed consortia with colleges and others and have been assessed as ready to pilot the delivery of the Engineering Diploma from September 2007
- We have been working with Foundation Degree Forward to set up a validation process to ensure universities deliver Degrees which are valued by employers

SEMTA was successful in its bid to develop one of the first four Skills Academies. During the year SEMTA worked with stakeholders to develop a business plan for the National Manufacturing Skills Academy.

#### FINANCIAL REVIEW

The group had a very successful year financially, generating a surplus of income over expenditure of £344,000 (2006 surplus £487,000)

The Charity's funding is derived from supporting activities which address the productivity and skills development needs of employers and employees within SEMTA's remit. As the Sector Skills Council, SEMTA is under contract with the Sector Skills Development Agency to deliver agreed sector specific objectives. The increase in turnover reflects the success of EMTA Awards Limited and the commencement of the National Manufacturing Skills Academy in December 2006.

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

### REPORT OF DIRECTOR TRUSTEES (Continued)

The five trading subsidiaries produced an operating surplus of £1,528,000 (2006 surplus £973,000). The results of the trading subsidiaries are detailed in Note 2(b). The launch of the National Manufacturing Skills Academy in December 2006 contributed an additional £1,729,000 income.

### RESERVES POLICY

Since SEMTA carries out no fundraising activities, the income generated from its assets is needed to fund its charitable work. The Board's policy is to maintain the value of the reserve at November 2004 in real terms as measured by the Retail Price Index, in order to deliver at least £1 million in cash per annum to help fund the charity's activities. As a result of the success of its subsidiaries particularly EMTA Awards Limited, SEMTA did not request to draw on these funds.

It is expected that over the long term, the performance of the investment portfolio will exceed inflation and, therefore, it will be unnecessary to adjust the policy to counter short term downward fluctuations in investment markets.

The policy is reviewed annually.

### INVESTMENT POLICY

SEMTA requires its investments to be managed actively in line with an agreed approach which ensures that an appropriate level of risk is adopted.

The objective set for the investment managers is to achieve a total return 1% greater than the WM Universe Index (Cum property) for charities with an unconstrained investment strategy. The return is measured over a three year rolling period. The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the investment managers. Market performance is monitored by WM who provide a written report to the Committee every quarter.

The investment fund produced a return of 8.1% for the year compared to a return of 7.8% for the relevant WM Universe Index. Over the last three years the fund produced a return of 15.6% compared to a return of 15.2% for the relevant WM Universe Index. The Board have held discussions with the investment managers during the year about improving the performance of the fund.

### PLANS FOR FUTURE PERIODS

With its new Strategic Plan in place (agreed July 2006), SEMTA will seek to pursue the top level aim of improving the productivity and competitiveness of the UK Science, Engineering and Manufacturing Sectors through skills. To achieve this, SEMTA will

- work with and through employers to raise awareness of SEMTA and the importance of skills development, and seek to engage employers, particularly SMEs in assessing their skills priorities and acting on them
- identify employer demand for skills, and over the next three years, develop and update Sector Skills Agreements for all twelve of SEMTA's sub sectors
- agree priority actions for skills, including the development of products and services that meet employer skills needs and communications channels to improve access to Information, Advice and Guidance (IAG)
- Raise the level of Employer Engagement
- work with government and agencies to ensure policy reflects the sector's needs. Briefings to policymakers on sector priorities will ensure they understand the skills needs of the sector and SEMTA will seek better targeted public funding to match sector priorities and to agree joint action plans with partners to respond to policy change
- work with education and training providers to ensure training provision meets nationally approved quality standards, through establishing and embedding the National Manufacturing Skills Academy

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

### REPORT OF DIRECTOR TRUSTEES (Continued)

The trading subsidiaries will continue to contribute to the improvement of skills in the sector and generate trading profits to support the delivery of the charity's objectives

### DIRECTORS AND OFFICERS LIABILITY INSURANCE

As permitted under the Companies Act 1989 and under the company's articles of association, the charitable company has maintained insurance in respect of directors and officers liabilities incurred in connection with the discharge of their duties

### BOARD MEMBERS RESPONSIBILITIES

The Board members are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Practice. Company law requires the Board members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the surplus or deficit for that period. In preparing those financial statements, the Board members are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Board members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe guarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as each of the Board Members is aware at the time the report was approved

- There is no relevant audit information of which the auditors are unaware, and
- Board Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### RISK REVIEW

The Board has considered the major external business risks to which the group is exposed and where possible strategies have been developed to mitigate those risks

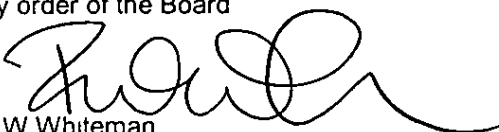
Investment risk is managed in conjunction with the groups investment and property managers

The major internal risks identified relate to IT and financial risk. Procedures are in place to mitigate these risks and are periodically reviewed by the Audit Committee

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution will be proposed at the Annual General Meeting that Haysmacintyre will be reappointed as auditors to the company for the ensuing year

By order of the Board

  
P W Whiteman  
Secretary

14 Upton Road  
Watford WD18 0JT

23 May 2007



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCIENCE, ENGINEERING AND  
MANUFACTURING TECHNOLOGIES ALLIANCE FOR THE YEAR ENDED 31 MARCH 2007**

We have audited the financial statements of the Science, Engineering And Manufacturing Technologies Alliance for the year ended 31 March 2007 which comprise the Consolidated Statement of Financial Activities, the charity and group Balance Sheets the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditors**

As described in the Statement of Board Member's Responsibilities the charity's Board Members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom generally Accepted Accounting Practice). The Board members are also Directors of the Science, Engineering and Manufacturing Technologies Alliance for the purposes of Company Law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Director Trustees is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Report of the Director Trustees, and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

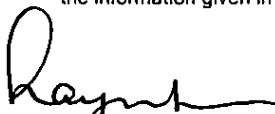
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 March 2007 and of its incoming resources and application of resources in the year then ended, including its income and expenditure,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director Trustees is consistent with the financial statements.

  
Haysma McIntyre  
Registered Auditors

23 May 2007

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2007

INCOME AND EXPENDITURE

	<u>Note</u>	2007 £'000	2006 £'000
<b>Incoming resources</b>			
<b>Incoming resources from generating funds</b>			
Income from trading subsidiaries - continuing operations	2	11 296	6,064
Income from trading subsidiaries - acquired operation	2	-	1,953
Income from trading subsidiaries - discontinuing operations	2	5	-
Investment income	6	717	476
<b>Incoming resources from charitable activities</b>			
Externally funded projects		1,599	1,771
Sector Skills Council contract		1,727	1,400
WISE Initiative		28	245
Other		237	682
Donation from acquired company		-	107
<b>Total incoming resources</b>		<u>15,609</u>	<u>12 698</u>
<b>Resources expended</b>			
<b>Cost of generating funds</b>			
Expenditure of trading subsidiaries - continuing operations	2	9 760	5 077
Expenditure of trading subsidiaries - acquired operation	2	-	1,962
Expenditure of trading subsidiaries - discontinuing operations	2	13	5
Interest charges		175	269
Total cost of generating funds		<u>9,948</u>	<u>7,313</u>
<b>Charitable activities</b>			
Improving access to learning		2,106	1,882
Promoting and representing the sector		1,410	1,263
Developing and supporting occupational standards and learning frameworks		936	863
Encouraging people into careers in the sector		373	484
Research into skills gaps and shortages		432	349
	5	<u>5,257</u>	<u>4,841</u>
<b>Governance costs</b>		60	57
<b>Total resources expended</b>		<u>15,265</u>	<u>12 211</u>
<b>Net incoming resources before other recognised gains and losses</b>		344	487
<b>Other recognised gains and losses</b>			
Realised and unrealised gains on investments	9	1,385	4,833
Surplus on revaluation of group occupied properties		-	1,526
<b>Net movement in funds</b>	15	<u>1,729</u>	<u>6,846</u>
Fund balance at 1 April 2006		30,426	23,580
Fund balance at 31 March 2007		<u>32 155</u>	<u>30,426</u>

All gains and losses recognised in the year are included in the Statement of Financial Activities


The notes on pages 14 - 25 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP BALANCE SHEET AS AT 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	5,080	10,423
Investments	9	28,053	25,972
		<u>33,133</u>	<u>36,395</u>
<b>CURRENT ASSETS</b>			
Stocks	11	30	45
Debtors - amounts falling due within one year	12	4,944	3,027
Debtors - amounts falling due after one year	12	289	323
Bank and cash balances		1,125	222
		<u>6,388</u>	<u>3,617</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(7,107)	(9,327)
<b>NET CURRENT LIABILITIES</b>		<u>(719)</u>	<u>(5,710)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>32,414</u>	<u>30,685</u>
<b>CREDITORS - amounts falling due after one year</b>	13	(259)	(259)
<b>NET ASSETS</b>		<u><u>32,155</u></u>	<u><u>30,426</u></u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds</u>			
General Reserve	15	32,155	30,426
		<u><u>32,155</u></u>	<u><u>30,426</u></u>

The financial statements were approved by the Board on 23 May 2007 and are signed on its behalf by

  
Sir Alan Jones  
Chairman

  
S R Tilsley  
Board member

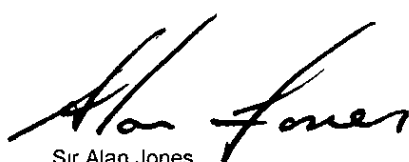
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SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

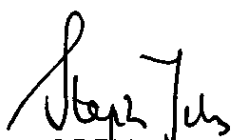
CHARITY BALANCE SHEET AS AT 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	3,642	9,017
Investments	9	28,053	25,972
Investment in subsidiaries	10	810	810
		<u>32,505</u>	<u>35,799</u>
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	12	3,166	3,068
Debtors - amounts falling due after one year	12	289	323
		<u>3,455</u>	<u>3,391</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(4,113)	(9,315)
<b>NET CURRENT LIABILITIES</b>		<u>(658)</u>	<u>(5,924)</u>
<b>CREDITORS - amounts falling due after one year</b>	13	-	-
<b>NET ASSETS</b>		<u>31,847</u>	<u>29,875</u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds</u>			
General Reserve	15	31,847	29,875
		<u>31,847</u>	<u>29,875</u>

The financial statements were approved by the Board on 23 May 2007 and are signed on its behalf by



Sir Alan Jones  
Chairman



S R Tilsley  
Board member

The notes on pages 14 - 25 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE  
GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>Operating activities</b>			
Cash received from customers		17,880	14,273
Cash payments to employees		(7,573)	(5,127)
Cash payments to suppliers		(9,141)	(8,138)
Cash payments to Customs and Excise		(478)	(570)
<b>Net cash inflow from operating activities</b>	a)	<u>688</u>	<u>438</u>
<b>Returns on investments and servicing of finance</b>			
Investment income received		717	476
Bank loan interest paid		(175)	(269)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>542</u>	<u>207</u>
<b>Taxation</b>			
Corporation tax refund		22	-
<b>Net cash inflow from taxation</b>		<u>22</u>	<u>-</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire investments		(25,324)	(18,429)
Payments to acquire tangible fixed assets		(258)	(317)
Receipts from the sale of tangible fixed assets		5,260	405
Bank loan repayment		(4,100)	-
Receipts from the sale of investments		24,924	17,980
Transfer of cash (to)/from investment managers		(298)	300
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>204</u>	<u>(61)</u>
<b>NET INCREASE IN CASH</b>	c)	<u>1,456</u>	<u>584</u>
<b>Represented by</b>			
Net cash inflow		1,456	40
Cash received on acquisition of subsidiary undertaking		-	544
		<u>1,456</u>	<u>584</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	2007 £'000	2006 £'000	
a) <b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>			
Net incoming resources	344	487	
Investment income	(717)	(476)	
Depreciation	344	499	
Loss on sale of fixed assets	33	121	
Increase in creditors	2 399	558	
(Increase) in debtors	(1,905)	(832)	
Decrease in stock	15	81	
Interest Paid	175	-	
<b>Net cash inflow from operating activities</b>	<b>688</b>	<b>438</b>	
b) <b>Analysis of net funds</b>			
	<b>At 1 April 2006 £'000</b>	<b>Cash flow 2007 £'000</b>	<b>At 31 March 2007 £'000</b>
Bank balance	222	903	1 125
Bank overdraft	(553)	553	-
	<b>(331)</b>	<b>1,456</b>	<b>1 125</b>
c) <b>Reconciliation of net cash flow to movement in net funds</b>			
			<b>£'000</b>
Increase in cash in the period			1,456
Continuing activities			
Movement in net funds in the period			<b>1 456</b>
<b>Net funds at 1 April 2006</b>			<b>(331)</b>
<b>Net funds at 31 March 2007</b>			<b>1 125</b>

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007

#### 1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets

The financial statements have also been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005

All of the expenditure incurred by the Science, Engineering and Manufacturing Technologies Alliance is for charitable purposes

##### Financial statements

The financial statements consolidate the results of the Science, Engineering and Manufacturing Technologies Alliance and its subsidiaries as at the balance sheet date

##### Incoming resources

Income represents the amount receivable for the period but excludes value added tax

##### Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis inclusive of any VAT which cannot be recovered

##### Sale of properties

Sales of properties are recognised upon legal completion of the contract

##### Tangible fixed assets

#### (a) Group occupied properties

Freehold properties and properties on leases with twenty years and over to run at the balance sheet date, which are occupied by group companies for the purpose of trading, are revalued at least every five years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial

#### (b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the expected useful lives of each class of asset, from the date on which the assets are brought into use. The expected useful lives are as follows

	Years
Long leasehold buildings occupied by group companies	40
Freehold buildings occupied by group companies	40
Improvements to freehold buildings	40
Office furniture	10
Plant	10
Machinery and equipment	5
Motor vehicles	4
Computer equipment & applications	3

## **SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

### **NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)**

#### **ACCOUNTING POLICIES (continued)**

##### **Property costs**

Refurbishment costs and repairs are written off in the year they are incurred. Where a leased property becomes vacant and assignment without loss is unlikely, the future obligations relating to the lease less the estimated future income stream are provided for in full. Ongoing expenses are also taken into account.

##### **Fixed asset investments**

Investments are stated at market value as at 31 March 2007. Realised and unrealised gains and losses are released or charged to the consolidated Statement of Financial Activities in the year in which they arise.

The investment in subsidiaries is stated at the lower of cost and net asset value.

##### **Stocks**

Saleable publications are valued at the lower of production cost and net realisable value.

##### **Grants**

Grants in respect of capital expenditure are treated as deferred income which is credited to the Consolidated Statement of Financial Activities by instalments over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Grants to other organisations are agreed as part of the Business Planning process. The cost is charged to the Statement Of Financial Activities in the period to which the grant relates.

##### **Fund accounting**

The general reserve comprises those monies which may be used towards furthering the charitable objects at the discretion of the Council.

##### **Leased assets**

Assets acquired under finance leases and the related liability of future rental obligations are included in the balance sheet. The interest element is charged to the Consolidated Statement of Financial Activities in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and their useful economic life. Operating lease rentals are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease period.

##### **Pensions**

SEMTA is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. Pension contributions are charged to the Consolidated Statement of Financial Activities so as to spread the regular cost of pensions and related benefits over employees' working lives.

##### **Governance**

Governance costs for the charity include the external audit fee and an assessment of the time spent undertaking company secretarial responsibilities.



SCIENCE ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

2 INCOMING RESOURCES AND NET MOVEMENT IN FUNDS

a) Analysis of income

The group has only one class of activity. The majority of group activities are conducted in the United Kingdom. EMTA Awards Limited conducted business with centres outside the UK totalling £43,445 in the year (2006 £49,372).

Investment income represents the income from the investment portfolio and interest on cash balances.

Externally funded projects income represents the contribution to SEMTA for staff time spent on projects funded by the UK government.

Sector Skills Council income is from the Sector Skills Development Agency for undertaking SEMTA's role as a Sector Skills Council.

UFI Hub income is that generated by the University for Industry sector hub for the engineering sector.

WISE Initiative income arises from the Women Into Science and Engineering initiative.

Other income represents the charge to SEMTA customers for services provided by the charity.

Income from trading subsidiaries represents the turnover of the charity's trading subsidiaries included in SEMTA's accounts.

b) Results of trading subsidiaries

The Charity owns 100% of the allotted ordinary share capital of the following companies which are incorporated in the UK:

EMTA Awards Ltd is the awarding body for vocational qualifications primarily in the engineering sector.

Training Properties Limited manages the remaining property interest owned but not occupied by the group.

Training Publications Limited ceased active trading on 31 March 2005.

MetSkill Limited provides services to businesses in the UK metals industries, which aim to achieve measurable and sustainable improvements in business performance.

National Skills Academy Limited provides services to develop and implement national standards for manufacturing skills delivery.

All the companies covenant their taxable profits to SEMTA. A summary of the trading results included in SEMTA's accounts is shown below. Audited accounts have been filed with the Registrar of Companies.

	EMTA Awards Limited	Training Properties Limited	Training Publications Limited	MetSkill Limited	National Skills Academy for Manuf Limited	2007 Total	2006 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	6,996	102	5	2,469	1,729	11,301	8,017
	<u>6,996</u>	<u>102</u>	<u>5</u>	<u>2,469</u>	<u>1,729</u>	<u>11,301</u>	<u>8,017</u>
Change in stocks of finished goods	15	-	-	-	-	15	81
Materials and external charges	1,846	-	-	-	79	1,925	1,551
Staff costs	1,948	-	-	767	435	3,150	2,464
Depreciation	74	-	-	31	6	111	195
Other operating charges	1,665	109	13	1,569	1,216	4,572	2,753
	<u>5,548</u>	<u>109</u>	<u>13</u>	<u>2,367</u>	<u>1,736</u>	<u>9,773</u>	<u>7,044</u>
Operating surplus / (deficit)	1,448	(7)	(8)	102	(7)	1,528	973
Interest receivable	-	-	-	9	-	9	7
Interest payable to parent company	-	(161)	-	-	-	(161)	(155)
Net surplus / (deficit)	<u>1,448</u>	<u>(168)</u>	<u>(8)</u>	<u>111</u>	<u>(7)</u>	<u>1,376</u>	<u>825</u>
Covenanted to SEMTA	(1,488)	-	-	(121)	(30)	(1,639)	(1,045)
	<u>(40)</u>	<u>(168)</u>	<u>(8)</u>	<u>(10)</u>	<u>(37)</u>	<u>(263)</u>	<u>(220)</u>

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

### 3 HISTORICAL COST NET MOVEMENT IN FUNDS

	2007 £'000	2006 £'000
Net incoming resources	344	487
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	3	3
<b>Historical cost surplus on ordinary activities</b>	<b>347</b>	<b>490</b>

### 4 STAFF COSTS

	2007 £'000	2006 £'000
Wages and salaries	5,187	5,042
Social security costs	472	443
Other pension costs	565	297
	<b>6,224</b>	<b>5,782</b>

Included in staff costs is £209,000 (2006 £140,000) relating to early retirements and redundancy costs

The average monthly number of persons employed during the year was as follows

	2007 £'000	2006 £'000
Training Services	120	124
Support Services	26	37
	<b>146</b>	<b>161</b>

#### Chairman's remuneration

The remuneration paid to the Chairman during the year was £nil (2006 £86,000)

No other Council member received any remuneration during the year in respect of their services to the charity. The total amount of expenditure reimbursed to Council members in respect of expenses incurred on the charity's activities was £15,000 (2006 £17,000)

#### Emoluments of employees

The number of employees whose emoluments for the year fell within each band of £10,000 were as follows

	2007	2006
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	3
£90,001 - £100,000	-	-
£110,001 - £120,000	2	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	-	-
£180,001 - £190,000	1	-

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

5 NET INCOMING RESOURCES

The net incoming resources is arrived at after charging/(crediting) the following

	2007 £'000	2006 £'000
Hire of equipment	39	38
Auditors' remuneration	28	25
Loss on sale of tangible fixed assets	33	121
Operating lease rentals-motor vehicles	199	178
Depreciation (all owned assets)	344	499
Rental Income	(102)	(104)
Release of capital-based grants	(2)	(4)

Auditors remuneration includes £12 000 in respect of the audit of the parent charity (2006 £12 000)

Fees in relation to non audit services were £23,000 (2006 £6 000)

Analysis of charitable activities

	2007				2006
	Salary costs £'000	Depreciation costs £'000	Other costs £'000	Total costs £'000	Total costs £'000
Improving access to learning	1,347	116	643	2 106	1,882
Promoting and representing the sector	618	124	668	1,410	1,263
Developing and supporting occupational standards and learning frameworks	356	29	551	936	863
Encouraging people into careers in the sector	271	18	84	373	484
Research into skills gaps and shortages	320	17	95	432	349
	<u>2,912</u>	<u>304</u>	<u>2,041</u>	<u>5,257</u>	<u>4,841</u>

Support costs have been allocated across the charitable activities based on average full-time equivalent headcount as this basis is consistent with the use of the resources. The support costs that have been allocated are as follows

	2007				2006
	Salary costs £'000	Depreciation costs £'000	Other costs £'000	Total costs £'000	Total costs £'000
Watford / Leeds office	29	85	238	352	373
Finance	298	11	74	383	242
IT	237	52	509	798	593
Human resources	99	10	99	208	89
Contribution from trading subsidiaries	-	-	(598)	(598)	(398)
	<u>663</u>	<u>158</u>	<u>322</u>	<u>1,143</u>	<u>899</u>

6 INVESTMENT INCOME

	2007 £'000	2006 £'000
Income from fixed asset investments	696	467
Bank interest receivable by parent and subsidiary company	21	9
	<u>717</u>	<u>476</u>

7 TAXATION

SEMTA is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

8 TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2006	9,490	325	234	1,694	11,743
Additions	-	-	47	247	294
Disposals	(5,250)	-	(19)	(259)	(5,528)
At 31 March 2007	4,240	325	262	1,682	6,509
<b>Depreciation</b>					
At 1 April 2006	-	49	74	1,197	1,320
Charge for year	71	8	29	236	344
Disposals	-	-	(2)	(233)	(235)
At 31 March 2007	71	57	101	1,200	1,429
<b>NET BOOK AMOUNT</b>					
At 31 March 2007	4,169	268	161	482	5,080
At 31 March 2006	9,490	276	160	497	10,423

Freehold and long leasehold land and buildings were valued at 31 March 2006 by Fletcher King Chartered Surveyors, at open market value. The surplus arising from the revaluation was taken to the revaluation reserve.

The Property at 22 Old Queen Street, London was sold in October 2006 for £5,250,000.

Fixed assets with a cost of £4,655,000 (2006: £10,002,000) and accumulated depreciation of £1,013,000 (2006: £985,000) are held for charitable purposes.

The historic cost and depreciation of land and buildings that have been revalued would be:

	2007 £'000	2006 £'000
Cost	3,331	7,554
Depreciation	(432)	(533)
	<u>2,899</u>	<u>7,021</u>

The net book amount of land and buildings comprises:

	2007 £'000	2006 £'000
Freehold	2,257	7,550
Long leasehold	1,912	1,940
	<u>4,169</u>	<u>9,490</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

8 TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Charity</b>					
<b>Cost or valuation</b>					
At 1 April 2006	8,290	325	234	1,153	10,002
Additions	-	-	28	95	123
Disposals	(5,250)	-	-	(220)	(5,470)
<b>At 31 March 2007</b>	<b>3,040</b>	<b>325</b>	<b>262</b>	<b>1,028</b>	<b>4,655</b>
<b>Depreciation</b>					
At 1 April 2006	-	49	74	862	985
Charge for the year	59	8	27	139	233
Disposals	-	-	-	(205)	(205)
<b>At 31 March 2007</b>	<b>59</b>	<b>57</b>	<b>101</b>	<b>796</b>	<b>1,013</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 March 2007</b>	<b>2,981</b>	<b>268</b>	<b>161</b>	<b>232</b>	<b>3,642</b>
<b>At 31 March 2006</b>	<b>8,290</b>	<b>276</b>	<b>160</b>	<b>291</b>	<b>9,017</b>

Freehold land and buildings were last valued at 31 March 2006 by Fletcher King Chartered Surveyors, at open market value. The surplus arising from the revaluation was taken to the revaluation reserve.

The Property at 22 Old Queen Street, London was sold in October 2006 for £5,250,000.

The cost and accumulated depreciation at 31 March 2007 includes fully depreciated assets at historical cost of £121,000 (2006: £157,000).

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

9 FIXED ASSET INVESTMENTS

Group and charity	2007 £'000	2006 £'000
Balance at 1 April 2006 at Market Value	25 182	20,200
Additions at cost	25 324	18,429
Disposals at opening market value or cost if during the year (proceeds £24 924 000 realised loss £1,589,000)	(26,513)	(16,088)
Unrealised gain on revaluation	2,974	2 641
	<u>26,967</u>	<u>25,182</u>
Cash awaiting investment	1 086	790
Balance at 31 March 2007 at Market Value	<u>28,053</u>	<u>25,972</u>
Historical cost of Investments	<u>24,631</u>	<u>24,179</u>

Included in investments are the following which represent more than 5% by value of the total fund

Aberdeen Nth American Fund B	-	1,972
Aberdeen European Fund B	-	1,992
Aberdeen Charity Select Global Ex UK Equity Fund	7,275	-
Aberdeen Charity Select Bond	2,956	-
Aberdeen Charity Select UK Equity Fund	15,420	-
Aberdeen Sterling Aggregate Bond	-	1,693

The Trustees have appointed Aberdeen Asset Management ("Aberdeen") as the investment Fund Managers. The funds are held in a number of pooled funds including two new funds established by Aberdeen to provide the Group with exposure to the Equity Market.

The amount of cash in the portfolio on 31 March 2007 was £1 086 000 (2006 £790,000)

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

10 INVESTMENT IN SUBSIDIARIES

	2007 £'000	2006 £'000
<b>Charity</b>		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	<u>8,751</u>	<u>8,751</u>
<b>Provision</b>		
Balance brought forward	(7,941)	(7,837)
Reduction in value of subsidiary	-	(104)
Balance carried forward	<u>(7,941)</u>	<u>(7,941)</u>
	<u>810</u>	<u>810</u>
Balance at 1 April 2006	<u>810</u>	
Balance at 31 March 2007	<u>810</u>	

The provision is to write down SEMTA's investment in its subsidiary companies

The charity owns 100% of the allotted ordinary share capital of the following subsidiaries

**EMTA Awards Limited**

A company registered in England and Wales which provides the assessment systems for awarding vocational qualifications primarily in the engineering sector and acts as the awarding body for those qualifications

**MetSkill Limited (formerly Metals Industry Skills and Performance Limited)**

A company registered in England and Wales whose principal activity is the provision of training services to improve performance of businesses in the UK metals industry

**National Skills Academy for Manufacturing Limited**

A company registered in England and Wales which develops and implements national standards for manufacturing skills delivery consolidates and validates the providers network

**Training Properties Limited**

A company registered in England and Wales which operates as property managers and investors within Great Britain

**Training Publications Limited**

A company registered in England and Wales which operated a publishing and printing operation within Great Britain and ceased active trading on 31 March 2005

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

11 STOCKS

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Resaleable publications	30	45	-	-
	<u>30</u>	<u>45</u>	<u>-</u>	<u>-</u>

12 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade debtors	3,079	1,933	103	282
Amounts owed by subsidiary undertakings	-	-	2,183	1,844
Other debtors	715	694	589	671
Corporation tax	-	22	-	-
Taxation	-	86	106	-
Prepayments and accrued income	1,150	292	185	271
	<u>4,944</u>	<u>3,027</u>	<u>3,166</u>	<u>3,068</u>

DEBTORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Other debtors	289	323	289	323
	<u>289</u>	<u>323</u>	<u>289</u>	<u>323</u>

The amounts for 2007 and 2006 represent the net present value of the sale proceeds for the share capital of Cleveland Training Centre



SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade creditors	1,207	1,062	213	337
Amounts owed to subsidiary undertakings	-	-	226	236
Taxation and social security	47	308	-	272
Other creditors	-	154	-	154
Bank loan	-	4,100	-	4,100
Bank overdraft	-	553	2,615	3,655
Accruals & Deferred Income	5,853	3,150	1,059	561
	<u>7,107</u>	<u>9,327</u>	<u>4,113</u>	<u>9,315</u>

The bank loan was secured on SEMTA's London Office at Old Queen Street, London SW1 and was repaid in full on the sale of the property in October 2006

CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Unsecured loan notes	245	245	-	-
Deferred income - capital grant	14	14	-	-
	<u>259</u>	<u>259</u>	<u>-</u>	<u>-</u>

14 OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2007 the group has annual lease commitments as follows

	2007		2006	
Expiry Date	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	19	20	9	22
Two to five years	51	81	92	116
Over five years	20	-	37	-
	<u>90</u>	<u>101</u>	<u>138</u>	<u>138</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2007 (continued)

15 FUNDS AND RESERVES

General Reserve

	2007 £'000	2006 £'000
<b>Group</b>		
At 1 April 2006	30,426	23,580
Net movement in funds	1,729	6,846
At 31 March 2007	<u>32 155</u>	<u>30 426</u>
<b>Charity</b>		
At 1 April 2006	29 875	23,242
Realised and unrealised gains on investments	1,385	4,833
Surplus on revaluation of properties	-	1 308
Surplus for the year	587	492
At 31 March 2007	<u>31 847</u>	<u>29,875</u>

As permitted by Section 230 of the Companies Act 1985, the Consolidated Statement of Financial Activities of the parent charitable company, whose result is shown above, is not presented as part of these accounts. The parent charitable company's surplus for the year amounted to £587,000 (2006 surplus £492,000).

16 CAPITAL COMMITMENTS

There was no material expenditure contracted but not provided for, nor any expenditure approved by Council members but not yet contracted.

17 PENSION COMMITMENTS

The group contributes to a defined benefit final salary scheme managed by the ITB Pension Funds along with other former Industry Training Boards. The scheme's fund is financed by contributions from the group and charitable company and from employees and is managed by legally appointed trustees. The Government Actuary has advised that the scheme is a multi-employer scheme where each employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and the scheme has been treated as a defined contribution scheme for the purposes of the accounts.

The cost to the group and the charitable company for the year was £565,000 (2006 £297 000).

The standard contribution rate payable by the participating employers was fixed at 5% of pensionable pay for the year ended 2006. The rate has increased with effect from 1 April 2006 to 11% of pensionable pay for those who joined the scheme after 24 September 2003 and 16% for those who joined before that date.

Contributions by the group and charitable company were determined on the advice of the Government Actuary using the prospective benefits method. The most recent valuation was at 31 March 2004. The major assumption used in the valuation was that investment returns would exceed earnings increases by 1.5% per annum. The next actuarial valuation is 31 March 2007, however no figures have been released.

The valuation showed the actuarial value of the scheme's assets was £539 million. The actuarial value of these assets represented 109% of the benefits which had accrued to members.

18 LIABILITY OF MEMBERS

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.